

DISTRIBUTION (EARMARKING) OF MICHIGAN'S MAJOR STATE TAXES

(% Distribution)

Tax	Type of Earmarking	Major State Funds								
		General Fund	School Aid Fund	Michigan Trans. Fund	Public Trans. (CTF) 1)	Revenue Sharing	Health & Safety Fund	Healthy Michigan Fund	Other	Total
Income Tax:										
Personal Income										
Gross Collections	Statutory 2)	77.0%	23.0% 2)							100.0%
Refunds	Statutory	100.0%								100.0%
Sales Tax:										
4% rate:	Constitutional		60.0%			15.0%				75.0%
	Statutory	1.8%			1.7% 3)	21.3%			0.2% 4)	25.0%
Subtotal 4% rate:		1.8%	60.0%		1.7%	36.3%			0.2%	100.0%
2% rate:	Constitutional		100.0%							100.0%
Total 6% Sales Tax rate:		1.2%	73.3%		1.1%	24.2%			1.0%	100.8%
Use Tax:										
4% rate:	Statutory	67.0%								67.0%
2% rate:	Constitutional		33.0%							33.0%
Total 6% Use Tax rate:		67.0%	33.0%							100.0%
Alcohol & Tobacco Taxes:										
Beer & Wine	Statutory	100.0%								100.0%
Liquor										
4% excise tax	Statutory		100.0%							100.0%
4% specific tax	Statutory	100.0%								100.0%
4% specific tax	Statutory								100.0% 5)	100.0%
1.85% specific tax	Statutory								100.0% 6)	100.0%
Cigarette	Statutory	33.0%	54.2%				3.2%		0.036 7)	94.0%
	Constitutional							6.0%		6.0%
Total Cigarette		33.0%	54.2%				3.2%	6.0%	0.036	100.0%
Other Tobacco	Statutory	18.4%	75.6%							94.0%
Products	Constitutional							6.0%		6.0%
Total Other Tobacco		18.4%	75.6%					6.0%		100.0%
Business Privilege Taxes:										
Single Business	Statutory	100.0%								100.0%
Insurance Retaliatory	Statutory	100.0%								100.0%
Oil & Gas Severance	Statutory	100.0%								100.0%
Property Taxes:										
State Education										
Property	Statutory		100.0%							100.0%
Real Estate Transfer	Statutory		100.0%							100.0%
Estate	Statutory	100.0%								100.0%
Utility Property	Statutory	100.0%								100.0%
Transportation Taxes:										
Gasoline	Constitutional			100.0%						100.0%
Diesel Fuel	Constitutional			100.0%						100.0%
Motor Carrier Fuel	Constitutional			100.0%						100.0%
Vehicle Weight/Value	Constitutional			100.0%						100.0%

- 1) Comprehensive Transportation Fund (CTF)
- 2) SAF received 23% of gross income tax collections in 1999 and GF received 77%, but beginning in 2000, SAF's percentage share equals 1.012 (4.4%*23%) as a % of the tax rate. This is designed to hold the SAF harmless as income tax revenue declines due to the enacted phased reductions in the income tax rate to 4.2% in 2000 and 2001, 4.1% in 2002, 4.0% in 2003, and 3.9% on July 1, 2004. As a result, the percentage of the income tax earmarked to the SAF equaled 24.1% in 2000 and 2001 (FY 1999-2000 23.8%, FY 2000-01 24.1%), 24.7% in 2002 (FY 2001-02 24.5%), and 25.3% in 2003 (FY 2002-03 25.1%), and will equal 25.6% in 2004 (FY 2003-04 25.5%). The % share going to the GF is therefore declining during these years equal to 100% minus the SAF % share.
- 3) The CTF is earmarked statutorily 27.9% of 25% of the sales tax collected at the 4% rate from motor vehicle related businesses, which equaled \$78.8 million in FY 2001-02. In FY 2002-03, the CTF earmarking was reduced by \$11 million to \$67.8 million to help balance the GF/GP budget.
- 4) \$9 million of sales tax revenue is earmarked each year for health programs.
- 5) Convention Facility Development Fund.
- 6) Liquor Purchase Revolving Fund.
- 7) 2.9% to Medicaid Benefits Trust Fund and 0.7% to Wayne County.

Senate Fiscal Agency

Updated: March 2004